

## Fund Objective

KIS Capital Partners Pty Ltd [KIS Capital] is an Australian based hedge fund investment manager with an Asia ex Japan trading focus. The KIS Asia Long Short Fund Australian Dollar Denominated [A\$] Australian Unit Trust and the KIS Asia Long Short Cayman Fund and Cayman Master Fund are trading focused funds whose objectives are to generate absolute returns with low volatility and correlation to other assets. Trade selection and portfolio management are based on three distinct principals of: Liquidity, Transparency and Risk Management. KIS Capital looks to build a portfolio of 'winning' trade ideas and hedge unwanted market risk.

## Performance for KIS Asia Long Short Fund

Performance data for the Master Series of the KIS Asia Long Short Fund Australian Dollar [A\$] denominated Australian Unit Trust [AUT].

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2015	-0.35%	0.09%	2.59%	4.04%	1.14%	-1.48%	0.26%	0.34%	2.81%	2.50%	-2.33%		9.84%
2014	1.17%	1.76%	0.70%	-0.77%	0.21%	0.95%	0.91%	-0.10%	-0.08%	-1.10%	0.79%	0.26%	4.76%
2013	-0.94%	2.20%	0.54%	0.83%	3.00%	0.36%	1.89%	1.03%	1.18%	1.44%	1.82%	-0.06%	14.06%
2012	2.33%	2.89%	0.73%	-1.50%	1.35%	-1.00%	0.24%	3.70%	-0.19%	1.39%	-0.13%	1.17%	11.41%
2011	1.35%	0.81%	-2.20%	1.14%	3.32%	-2.69%	2.70%	3.88%	1.02%	2.48%	0.36%	-0.02%	12.60%
2010	2.15%	2.46%	2.79%	3.05%	4.09%	-0.76%	-0.95%	1.23%	1.63%	1.42%	3.24%	2.84%	25.66%
2009										4.45%	4.82%	1.75%	11.40%

Returns shown are pre-tax and net of fees for the Master Series (inception, October 2009). Returns for other series may differ. Cumulative returns are shown assuming distributions are reinvested. Investors should receive a monthly NAV statement directly from the fund administrator. Please contact SSG.AUS@TMF-Group.com if you have not received your NAV statement. Returns are independently calculated by the fund administrator on an unaudited basis. Results to June 2015 have been audited by Ernst & Young Partnership.

## Fund Performance Profile : KIS Asia Long Short Fund A\$ AUT

MONTHLY		FUND INFORMATION	
Performance:	-2.33%	Fund Denomination:	A\$
<b>ROLLING 12 MONTHS</b>		Investor Type:	Sophisticated/Wholesale
Performance:	10.12%	Management Fee:	1.5%
<b>SINCE INCEPTION</b>		Performance Fee:	20%
Annualised Performance:	14.50%	<i>Fees are shown exclusive of GST</i>	
<b>SINCE INCEPTION, OCTOBER 2009</b>		Performance Hurdle:	RBA Cash Rate
Cumulative Performance of A\$1000 invested:	A\$2305	Subscription:	Monthly
		Redemption:	Monthly
		Inception:	Oct 2009
		Domicile:	Australia
		Prime Broker:	Deutsche Bank
		Auditor:	Ernst & Young
		Legal Counsel:	Minter Ellison
		Risk Management:	Imagine
		Fund Administrator:	TMF FundServices (Australia)
		Trustee:	KIS Capital
		Investment Manager:	KIS Capital

## Performance for KIS Asia Long Short Cayman Fund US\$ Series

Performance data for KIS Asia Long Short Cayman Fund United States Dollar [US\$] denominated Series [Cayman Fund].

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2015	-0.68%	-0.11%	2.27%	4.44%	0.66%	-1.64%	-0.09%	0.17%	2.46%	2.15%	-2.48%		7.17%
2014	0.66%	1.56%	0.62%	-1.02%	0.03%	0.67%	0.57%	-0.36%	-0.45%	-1.31	0.45%	-0.12%	1.27%
2013	-1.29%	2.13%	0.18%	0.55%	2.33%	0.14%	1.59%	0.77%	1.03%	1.30%	1.49%	-0.31%	10.31%
2012							-0.21%	2.59%	-0.60%	1.04%	-0.57%	0.95%	3.20%

Returns shown are net of fees for the US\$ class (inception, July 2012) foundation series. Returns for other series may differ. Investors should receive a monthly NAV statement directly from the fund administrator. Please contact SSG.AUS@TMF-Group.com if you have not received your NAV statement. Returns are independently calculated by the fund administrator on an unaudited basis. Results to December 2014 have been audited by Ernst & Young Partnership.

## Fund Performance Profile: KIS Asia Long Short Cayman Fund US\$ Series

<b>MONTHLY</b> Performance:	-2.48%	<b>FUND INFORMATION</b> Share Class Denomination:	US\$
<b>ROLLING 12 MONTH</b> Performance:	7.04%	Investor Type:	Eligible Investor
<b>SINCE INCEPTION</b> Annualised Performance:	6.39%	Management Fee:	1.5%
<b>SINCE INCEPTION, JULY 2012</b> Cumulative Performance of US\$1000 invested:	US\$1236	<i>The management fee increases to 2.0% from Jan 2014 for non-Foundation Series Investors The Management fee remains 1.5% for Foundation series Investors, the Foundation series remains open but is subject to closure without notice.</i>	
		Performance Fee:	20%
		Performance Hurdle:	None
		Subscription:	Monthly
		Redemption:	Monthly
		Inception:	July 2012
		Domicile:	Cayman
		Prime Broker:	Deutsche Bank
		Auditor:	Ernst & Young
		Legal Counsel: Henry Davis York, Shipman and Goodwin LLP & Walkers	
		Risk Management:	Imagine
		Fund Administrator:	TMF FundServices (Australia)
		Independent Board:	Refer to Private Placement Memorandum for details, Vice Presidents of Intertrust Corporate Services (Cayman) Limited
		Investment Manager:	KIS Capital

## Strategies used this month

**Equity Long/Short** – Australian, Canadian, Chinese, Hong Kong, Malaysian, New Zealand, Singaporean and US Equities. Australian Equity Options, Equity Rights and Hybrid Securities. Australian, Chinese, Hong Kong and US Index Futures. Australian Index Options.

**Portfolio Hedge** – Australian and Canadian Equity Warrants. Options on ETFs and JPYUSD FX option.

**Special Situations** – Australian, Chinese, Hong Kong, Singaporean and US Equities. Australian Index Options.

Most exposures are booked via portfolio total return swaps and CFDs between the Funds and the Prime Brokers. This improves operational efficiency. References above refer to the underlying exposure of the total return swaps and CFDs.

## Monthly Summary

Global equity markets were mixed in November as investors questioned the impact on asset prices of a rate rise by the Federal Reserve. Hong Kong was the worst performer whilst European markets went higher as the Euro weakened. The US dollar Index was the story of the month rising circa 3% against its basket of currencies. The effects of the strong US Dollar have significant effects around the world and one must be cognisant of this fact whilst making investment decisions. Certainly commodities, oil, gold, copper, iron ore, had a very soft month on the strong dollar. We actually now expect oil to find a bottom soon going into a seasonally strong period and the balance sheets of oil exporting nations starting to become stretched.

Within individual markets, there is a very large divergence on individual companies and even within sectors. This should provide an ample environment to generate returns. November was a tough month, we are looking forward to an improved December.

## Long Short

This portfolio generated a loss of 243bp.

This month our poor return was driven by two positions.

We lost 170bp due to our long position in education service provider Vocation Ltd (VET.AX).

We have spent considerable time researching VET.AX. VET.AX had suffered previously due to alleged poor corporate governance with regard to disclosure and poor business management with regard to its business. Over a period of multiple months and meetings with the new management we became comfortable that both of these matters were under the control. We analyzed the potential performance of the equity if these matters were resolved and considered that it had a good asymmetric payoff: although we felt there was a possibility for a substantial loss in value if these matters could not be resolved; the valuation being placed on the company by the market was so low that the stock price could multiply significantly.

We were pleased that the company was making progress on improving its operational compliance and had passed a monitoring audit by the Australian Skill Quality Authority.

The company placed its stock into suspension this month as it looked to raise a small amount of money to bridge a previously undisclosed obligation (our understanding is this obligation only became known this month).

The company was not able to secure 'buy in' from some of its major investors. One of these investors had only recently become a significant investor as a result of a mandate change announced earlier in the month, hence was probably not as 'invested' in the holding as if they had been a longer term holder. The other may have been discouraged by issues that other companies in the sector (e.g. Australian Careers Network/ACO.AX) were facing.

As a result the management placed the company into voluntary administration rather than risk trading insolvent. The appointed administrator immediately took a very cautious view and closed most of VET.AX's businesses.

The second position which lost money this month was our short position in Metcash Ltd/MTS.AX. This is a stock we have positioned on the short side for some period of time as it declined over the past twelve months from A\$2.61 a share to as low as A\$0.96.

We still feel that MTS.AX business model is under threat of disruption and is not sustainable given mounting competition. We failed to gauge how many people had joined us in this short view and, more importantly, how sensitive they were to a rally in the stock leading to a short squeeze as investors stopped out of their short positions.

MTS announced some mediocre results but these were ahead of the very low expectations the market had settled on prior to the announcement.

The CEO managed to successfully spin his five year turnaround plan; our view is that MTS.AX will not exist in its current form in five years.

As a result of these two points the stock squeezed quickly higher, rallying 12% on the last day of the month and +14% the following day and our stop loss discipline led us to cut the position for a loss of 55bp in November.

## Portfolio Hedge and Special Situations

This portfolios did not make a significant contribution this month.

## Currency Class FX Hedge - KIS Asia Long Short Cayman Fund US\$ Class Only

Investments are received in US\$ and spot exchanged to A\$. This FX spot trade is then one month forward FX hedged back to US\$. This forward hedge is then rolled one month into the future each month. The cost of this forward FX hedge is a function of the differential of interest rates between US\$ and A\$. The impact of interest rate differentials reduced the performance of the US\$ series by 23bp.

Profit is allocated between the US\$ Series and the A\$ Series of the KIS Asia Long Short Cayman Fund based on the A\$ capital of the series at the start of the month, this is the required methodology under accounting standards. Additionally the US\$ value of the US\$ series is hedged at the start of the month. As a result profits generated on the month attributed to the US\$ series are subject currency appreciation and depreciation with their value contribution being crystalized at the foreign exchange rates at month end.

## Contact Information

**Trustee; KIS Asia Long Short Fund:  
KIS CAPITAL PARTNERS**

Address: Suite 601, 23 Hunter Street, Sydney, NSW, 2000, Australia  
Tel: +61 2 8227 7111  
Email: [ir@kiscapital.com](mailto:ir@kiscapital.com)

**Board of Directors; KIS Asia Long Short Cayman Fund and KIS Asia Long Short Cayman Master Fund:  
KIS Asia Long Short Cayman Fund and KIS Asia Long Short Cayman Master Fund c/o Intertrust Corporate Services (Cayman)  
Limited**

Address: Walker House, 190 Elgin Avenue, George Town, Grand Cayman KY1-9005, Cayman Islands

**Investment Manager; KIS Asia Long Short Fund, KIS Asia Long Short Cayman Fund and KIS Asia Long Short Cayman Master Fund:  
KIS CAPITAL PARTNERS**

Address: Suite 601, 23 Hunter Street, Sydney, NSW, 2000, Australia  
Tel: +61 2 8227 7111  
Email: [ir@kiscapital.com](mailto:ir@kiscapital.com)

## Disclaimer

The information contained in this document has been prepared by KIS Capital Partners Pty Ltd ABN 87 138 165 901 AFSL 339583 ('KIS Capital') and is given to only 'wholesale clients' (as defined in the Corporations Act 2001 (Cth)) or 'Eligible Investors'. By accepting this document, you are representing that you are a 'wholesale client' or 'Eligible Investor' and that you will keep this document and the information therein confidential including not providing it to retail clients or ineligible investors.

This document does not take into account the objectives, financial situation or needs of any particular person. The information in this document is intended only for purposes of providing a general understanding of an investment in KIS Asia Long Short Fund or the KIS Asia Long Short Cayman Fund ('the Funds') and is not intended to be a definitive statement on the subject matter nor should be relied upon in making a decision to invest in the Funds. Persons should rely solely upon their own investigations in respect of the subject matter discussed in this document.

Any forward looking statements, opinions and estimates provided in this document are based on assumptions and contingencies which are subject to change without notice. Forward-looking statements including projections and estimates are provided as a general guide only and should not be relied upon as an indication of the future performance of the Funds. Investments can fall as well as rise. Past performance is not necessarily indicative of future performance.

No representations or warranties, express or implied, are made as to the accuracy or completeness of the information, opinions and conclusions contained in this document. In preparing this document, we have relied upon and assumed, without independent verification, the accuracy and completeness of all information available to KIS Capital. To the maximum extent permitted by law, neither KIS Capital nor its directors, employees or agents accept any liability for any loss arising in relation to this document.

This document does not constitute an offer to sell or a solicitation of an offer to buy interests or securities in any jurisdiction to any person to whom it is unlawful to make such offer or solicitation.